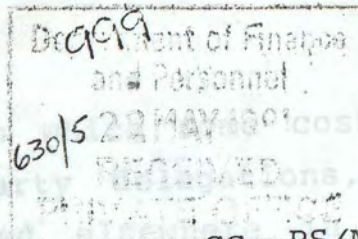


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FROM: D J R HILL
Talks Secretariat
21 May 1991



cc PS/Mr Fell
Mr Pilling
Mr Thomas
Mr Chesterton
Mr Coston
Mr Townson
Mr Brooker

cc Mr. Semple
Mr. Murray

- re para 7, PUS is likely to
hold a meeting on Friday
31 May. Mr Fell intends
to be there and suggests
that you may also wish to.

PS/PUS (L&B)

TALKS: FINANCIAL IMPLICATIONS

1. Mr Townson's minute of 14 May provides a very helpful
basis for the meeting which I understand PUS intends to chair
to discuss the financial implications of the talks process.

2. PUS will no doubt wish to look at the figures from two
perspectives:

(a) political. It will be important for the Government
to have some reasonably clear figures for the total
cost of the talks, to deploy in response to Questions
as well as being necessary from a management point of
view in helping to assess value for money.
Mr Townson's Estimates Summary provides a firm basis
for this, though some costs (eg for the alternative
accommodation) are not covered and there may be scope
at the margin for arguing whether a particular cost
was directly attributable to the talks or would have
been incurred in any event (? redecoration);

(b) NIO budgets. A more direct interest arises from the
question of which costs should fall to the NIO and
which to the NI Departments. Furniture is one
example: it is entirely reasonable that the NIO
should pay portage and perhaps a "rental" for the
furniture used but the furniture will ultimately be
returned to the Works Service (from whose existing
stores it came) so no capital charge should be
payable by the NIO.

22/5/91
As discussed, sent to
Mr. Semple & Mr. Murray
21/5

attached

copy

R.

Mr. Fell
21/5

PS/PUS to ring with details. See for you to attend.

21/5

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Another issue is the extent to which some costs, eg on equipment provided for the party delegations, most of which will subsequently be used elsewhere in the NIO, should be counted as "displaced capital costs" rather than costs directly attributable to the talks.

3. The resolution of these issues could have a major impact on the costs attributable to the talks or payable by the NIO. For example, simply taking out furniture, equipment and painting etc from the summary of "one-off" costs would reduce those "capital" costs payable by the NIO to about £200,000.

4. The questions which I think need to be answered include:

- (a) Does the Estimates Summary capture all the costs which could fairly be attributed to the Talks?
- (b) Does it contain any costs which could reasonably be struck out or reduced on the grounds that they would have been incurred anyway or refer to assets which will in due course be restored to the NI Departments (eg painting etc, furniture)?
- (c) Of the costs left to be borne by the NIO, which could reasonably be regarded as "displaced capital" costs which might have been incurred anyway (eg equipment)?

5. The next step might be to try to forecast the pattern and amount of future expenditure and to identify the major uncertainties. So far as the present set up at Parliament Buildings is concerned, I think we can now be reasonably precise about the running costs per month. What is not clear is how long the process will run for, including a possible cooling off period. The costs of

- (a) an independent Chairman;
- (b) holding an initial strand two plenary in London; and

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(c) holding other strand two plenaries in Northern Ireland other than at Parliament Buildings

cannot be estimated very precisely at present. I am assuming (perhaps rashly) that strand three will not give rise to any extra costs.

6. A further calculation which might be attempted is an assessment of the benefit HMG might derive from "burden-sharing" with the Irish Government in respect of strand two. A proportion of the running costs listed in the Estimates Summary and up to half of the costs referred to at 5(a) and (c) might be borne by the Irish Government.

7. A number of different interests may need to be represented at any meeting if PUS wishes to tackle all these points at one meeting. DOE (especially the Works Service) and DFP will no doubt have views and may wish to attend, along with Mr Fell. The ISU also has an interest. Mr Chesterton and his staff will obviously be present. Mr Townson, Mr Brooker and I would be happy to attend; and Mr Pilling or Mr Thomas may also wish to do so.

Signed: David Hill

D J R HILL

Talks Secretariat

D J R HILL

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